



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

February 26, 2007

S. 84

Professional Boxing Amendments Act of 2007

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on February 13, 2007*

SUMMARY

S. 84 would establish the United States Boxing Commission (USBC) within the Department of Commerce. The commission would protect the safety and interests of boxers and would govern the business of professional boxing by regulating boxing contracts, licensing and registering boxing participants, and issuing guidelines for ranking boxers.

Assuming the appropriation of the necessary amounts, CBO estimates that implementing S. 84 would cost \$7 million in 2008 and \$34 million over the 2008-2012 period.

S. 84 also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. CBO estimates that this provision would not have a significant effect on direct spending or revenues.

By placing requirements on boxing commissions run by state and tribal governments, S. 84 would impose intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of those mandates would not be significant and would not exceed the threshold established in UMRA (\$66 million in 2007, adjusted annually for inflation).

S. 84 would impose several private-sector mandates, as defined in UMRA, on the boxing industry. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 84 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
Estimated Authorization Level	8	8	7	6	6
Estimated Outlays	7	8	7	6	6

a. S. 84 also could increase direct spending and revenues, but CBO estimates that any such effects would be less than \$500,000 a year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted before the start of 2008 and that the amounts estimated to be necessary will be appropriated for each year beginning in fiscal year 2008.

Spending Subject to Appropriation

S. 84 would authorize the appropriation of such sums as necessary for establishing a boxing commission to regulate professional boxing matches and those individuals involved in the sport. Based on information from the Department of Commerce, CBO estimates that those activities would cost \$7 million in 2008 and \$34 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

United States Boxing Commission. S. 84 would create the USBC within the Department of Commerce. It would be headed by a three-person commission to be appointed by the President. In addition to those positions, the bill would allow the hiring of the necessary staff to fulfill the requirements of the bill. The USBC would monitor compliance with provisions in the bill that would establish minimum safety standards for matches and would require medical testing and disclosures. The USBC would issue regulations concerning the ranking of boxers by sanctioning organizations, contractual requirements, and other issues. Finally,

the commission would review contracts for boxing matches and approve certain types of boxing matches before they could occur.

CBO estimates that the USBC would employ about 30 people to write regulations, oversee boxing matches, and establish and maintain the registries, among other activities. Assuming the appropriation of the necessary amounts, CBO estimates that the cost of salaries and other benefits would be \$3 million in 2008 and \$18 million over the 2008-2012 period. In addition to those costs, CBO estimates that the startup and administrative costs of the commission would be \$1 million in 2008 and \$6 million over the 2008-2012 period.

Licensing and Registration. S. 84 would require the USBC to license boxers, managers, and promoters every two-to-four years. CBO assumes that license fees would be similar to those currently charged by state boxing commissions. The bill would require the USBC to maintain a registry with the names of licensed boxers, managers, promoters, boxing judges, and referees. Based on spending for similar registries, CBO estimates that the cost of developing the boxing registry would be about \$2 million over the 2008-2012 period, assuming the appropriation of the necessary amounts. CBO estimates that the licensing fees (considered offsetting collections) would offset the cost of maintaining the registry by about 2012.

Medical Registry. S. 84 also would establish a medical registry that would contain information about the health of each boxer, including medical records and incidents of medical suspensions. CBO estimates that developing and maintaining the medical registry would cost about \$2 million in 2008 and about \$8 million over the 2008-2012 period, assuming the appropriation of the necessary amounts.

Direct Spending and Revenues

The bill would allow the Attorney General of the United States to pursue criminal actions for violations of laws related to the boxing industry. The law already allows criminal prosecution of managers, promoters, matchmakers, and licensees. Because those prosecuted and convicted under S. 84 could be subject to criminal fines, the federal government might collect additional fines if the bill is enacted. Collections of such fines are recorded in the budget as governmental revenues, deposited in the Crime Victims Fund, and spent in subsequent years. CBO expects that any additional receipts and direct spending would total less than \$500,000 each year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 84 contains intergovernmental mandates as defined in UMRA because state and tribal boxing commissions would be required to meet certain health and safety standards and reporting requirements. Currently, tribal and state boxing commissions act as governing bodies—issuing licenses, ensuring boxing safety, and monitoring boxing contracts and fights within their jurisdiction. The USBC would not replace those entities or the activities they undertake; however, the bill would specify the minimum safety standards and licensing requirements those entities must maintain.

Most boxing commissions maintain various levels of health and safety standards. This bill would make those standards uniform. It would require boxers to be tested for infectious diseases, require commissions to make health and safety disclosures to boxers when they are registered, and expand safety requirements for boxing matches. Boxing commissions would be required to report all registries of boxers to the USBC and to meet uniform standards to be set by the USBC.

Information from tribes involved in professional boxing and from the Association of Boxing Commissions indicates that many state and tribal boxing commissions already regulate boxing matches using standards similar to those that would be required by this bill. CBO therefore expects any costs associated with additional health and safety measures and other USBC reporting requirements to be minimal.

S. 84 also would give the USBC authority to subpoena witnesses and evidence from any place in the United States, including Indian land. This authority would be considered a mandate under UMRA, but because it probably would be used rarely, it would probably not impose significant costs.

CBO estimates that the cost of complying with all of the intergovernmental mandates in the bill would not be significant and, therefore, would not exceed the threshold established in UMRA (\$66 million in 2007, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 84 would impose several private-sector mandates, as defined in UMRA, on the boxing industry. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

S. 84 would require boxers, managers, promoters, referees, judges, and sanctioning organizations to be licensed by the United States Boxing Commission established in the bill. According to representatives of the boxing industry, license fees would most likely cost the industry less than \$1 million per year.

S. 84 also would impose mandates on the industry by requiring additional safety standards, standard clauses for contracts, and the filing of reports. The bill would require boxers, managers, promoters, and sanctioning organizations to meet certain uniform standards addressing the health and safety of boxers. It also would require minimum contractual provisions meeting guidelines developed by the commission to be included in each bout agreement, boxer-manager contract, and promotional agreement and would require those agreements to be filed with the USBC. Sanctioning organizations would have to adopt guidelines to be promulgated by the USBC for the rating of professional boxers. Under the bill, promoters, broadcasters, judges, referees, and sanctioning organizations would be required to report certain information about boxing matches to the USBC. Such disclosures would include information about fees assessed and other financial information related to boxing matches. Information from the Department of Labor and representatives of the boxing industry indicates that much of the industry already complies in large part with the bill's requirements under regulations issued by state boxing commissions. Therefore, CBO estimates that the incremental cost for the boxing industry to comply with those mandates would fall well below the annual threshold.

In addition, entities in the private sector, if subpoenaed, would be required to attend and provide testimony, evidence, or materials related to any investigations the USBC may conduct. Such a requirement would be a private-sector mandate under UMRA. CBO expects that the commission would likely exercise its subpoena power sparingly and that the costs to comply with a subpoena would not be significant.

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